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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92051170
Party	Plaintiff O2Micro International Limited
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
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In Re Trademark Reg. No.	2231093)	
Dated:	March 9, 1999)	
Mark:	O2)	
Class:	INT. 9)	
O2Micro International Limited)		
Petitioner)		Cancellation No. 92051170
)		
v.)		
)		
O2 Holdings Limited)		
Respondent)		

**PETITIONER’S REPLY TO REGISTRANT’S RESPONSE TO
MOTION FOR SUMMARY JUDGMENT**

INTRODUCTION

Petitioner, O2Micro International Limited (“O2Micro”), respectfully submits its reply to Registrant’s, O2 Holdings Limited (“O2 Holdings”), Response to Motion for Summary Judgment (“the Motion”).

ARGUMENT

1. O2Micro is entitled to Summary Judgment on the issue of fraud

A. O2 Holdings has proffered no countering evidence showing there is a genuine factual dispute for trial on the issue of fraud

Under the TTAB Rules and the Federal Rules of Civil Procedure, if a moving party has supported its Motion for Summary Judgment with affidavits or other evidence, which, if unopposed, would establish its right to judgment, the nonmoving party may not rest on mere denials or conclusory assertions, but rather, must proffer countering evidence, by affidavit or otherwise provided in Fed. R. Civ. P. 56, showing that there is a genuine factual dispute for trial,

Octocom Systems Inc. v. Houston Computer Services Inc., 918 F.2d 937, 16 USPQ2d 1783 (Fed. Cir. 1990)(non-moving party's response was not supported by contradictory facts, but merely expressed disagreement with facts). “[Registrant’s] response must — by affidavits or as otherwise provided in this rule — set out specific facts showing a genuine issue for trial.” Fed. R. Civ. P. 56(e). In this case, O2 Holdings, the non-moving party, has proffered no countering evidence to show there are any genuine factual disputes for trial.

In its Motion for Summary Judgment, O2Micro references the recent Federal Circuit opinion in *In re Bose Corporation*, 580 F.3d 1240, 91 USPQ2d 1938 (Fed. Cir. 2009) which sets the current standard for a showing of fraud on the USPTO, namely to “knowingly make[s] a false, material representation with the intent to deceive the PTO.” *Bose* at 1245. O2Micro presented facts by way of affidavits and other evidence, that O2 Holdings knowingly made false material representations with an intent to deceive the PTO. Subjective intent to deceive, however difficult it may be to prove, is an indispensable element in the analysis. *Bose* at 1245. Of course, “because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence. But such evidence must still be clear and convincing, and inferences drawn from lesser evidence cannot satisfy the deceptive intent requirement.” *Bose*, citing, *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008). O2Micro submits that the uncontroverted evidence it has presented is clear and convincing with respect to establishing O2 Holdings’s willful intent to deceive, and O2 Holdings has proffered no evidence to counter such evidence.

O2 Holdings claims that the specimens and supporting declaration in its renewal application were submitted under a negligent reliance upon the information provided by its licensee. However, this claim is unsupported in the record, and is, in fact, negated by the affidavit and evidence submitted by O2Micro.

Based on its own assertions, O2 Holdings intentionally and knowingly entered into a license agreement with the former Registrant, SGI, which placed a burden on SGI, now the licensee, to inform O2 Holdings if it decided to discontinue selling products under the mark. This type of naked licensing is now being purported by O2 Holdings as nothing more than a negligent oversight and that it is without fault for assuming that its licensee was still selling products under the mark when it filed its Section 8 and 9 renewal documents. This uncontrolled licensing was clearly not a mere oversight as O2 Holdings alleges. Purposely placing the burden on its licensee to come forward with information that it ceased use of the mark, amounts to nothing more than willful blindness. O2 Holdings's conduct supports a finding that it intentionally chose not to ask its licensee about its use of the mark, in order to relinquish itself of any culpability in an allegation of fraud.

As supported by the Declaration of Carol Ball, submitted with the Motion, it took nothing more than a simple telephone conversation with an SGI sales representative to learn that SGI discontinued use of the mark many years ago. O2 Holdings's decision to rely on SGI's silence regarding its use of the mark, over the course of many years, is evidence of O2 Holdings's deliberate avoidance of acquainting itself with its licensee's activities, especially by failing to make a reasonable inquiry about suspected lack of use of the mark. Such willful blindness creates an inference of knowledge of lack of use of the mark at the time O2 Holdings filed its Section 8 Declaration. *Louis Vuitton S.A. v. Lee*, 875 F.2d 584, 10 U.S.P.Q.2d 1935 (7th Cir. 1989). *Accord Hard Rock Cafe Licensing Corp. v. Concession Services, Inc.*, 955 F.2d 1143, 21 U.S.P.Q.2d 1764 (7th Cir. 1992) (“[W]illful blindness is equivalent to actual knowledge for purposes of the Lanham Act. . . . To be willfully blind, a person must suspect wrongdoing and deliberately fail to investigate.”) *See: Williams v. Obstfeld*, 314 F.3d 1270, 1278, R.I.C.O. Bus. Disp. Guide (CCH) P 10394 (11th Cir. 2002) (“Under the doctrine of willful

blindness or deliberate ignorance, which is used more often in the criminal context than in civil cases, knowledge can be imputed to a party who knows of a high probability of illegal conduct and purposely contrives to avoid learning of it.”).

Further with respect to O2 Holdings’s willful blindness, O2Micro has shown that use of the “O2” trademark by SGI, the prior registrant, was discontinued years prior to O2 Holdings’s acquisition of the subject registration (Declaration of Ball ¶9) and O2 Holdings has proffered no countering evidence.¹ Instead, O2 Holdings asserts that “when a question arose about SGI’s continuing use of Registrant’s Mark,” it took steps to try and remedy the situation. Of course the “question arose” when the within Petition for Cancellation was filed.

In addition, the specimen submitted with O2 Holdings’s renewal application would alert anyone, particularly one in the computer business, of a need to investigate further. The specimen comprises a data sheet with a copyright notice dated 2000, and web page printouts identifying “Legacy Products” which are described on the SGI website as depicting discontinued products. O2 Holdings has proffered no evidence to counter O2Micro’s evidence that the specimen shows obsolete product. The specimens obviously show product that is, at best, outdated, and at least suspiciously old enough to warrant investigation. Again, O2 Holdings not having investigated the currentness of the specimens when it saw the old copyright notice and the discontinued products category of the web site shows willful blindness.

Furthermore, O2Micro has noted in its Motion that the specimens submitted by O2 Holdings subsequent to commencement of this proceeding, comprise products that are sold in the UK and are not sold in the U.S. O2 Holdings has proffered no countering evidence to show the product is sold in the U.S.

¹ O2Micro will seek leave to amend its Petition for Cancellation to add additional bases for its claim of abandonment should the proceedings resume following a ruling on the Motion for Summary Judgment.

The CAFC also acknowledged in *Bose* that although it is the registrant's subjective intent that must be determined, that "intent must often be inferred from the circumstances and related statement made." See *Medinol v. Neuro Vaxx, Inc.*, 67 U.S.P.Q.2d 1205, 1209 (T.T.A.B. 2003).

These circumstances can be interpreted only one way: O2 Holdings's failure to make any inquiry into its licensee's use of the licensed mark should be found to be sufficient knowledge of its fraudulent statements within its renewal to support a finding of "intent" under *Bose*. There being no dispute as to material facts regarding O2 Holdings's intent, Summary Judgment on this issue should be granted.

B. O2 Holdings's prediction that discovery will support its position is improper in light of Fed. R. Civ. P. 56(e) and (f)

In its responsive brief, O2 Holdings informs the Board that once discovery commences, O2 Holdings will provide information about its alleged license with SGI, and other facts. If the information is not currently available, O2 Holdings has missed its opportunity to seek a continuance under Fed R. Civ. P. 56(f) to enable affidavits to be obtained, depositions to be taken, or other discovery to be undertaken. Thus, it appears that such information and facts are currently available, yet O2 Holdings has elected to make O2Micro and the Board wait to see what it is. O2 Holdings attempts to avoid summary judgment by promising to clear things up during discovery. Indeed, O2 Holdings states in its response that it has evidence of its sales and the continued use of O2 Holdings's Mark on its SIM cards, yet avoids the issue of whether such sales were in the U.S. O2Micro should not be forced to wait until after it has expended time and money on discovery when the issues before the Board are either ripe for summary judgment or could be determined to comprise factual disputes if O2 Holdings truly had the evidence it claims it will provide in the future.

O2Micro submits that there are no disputed material facts with respect to O2 Holdings having made a knowingly false, material representation with the intent to deceive the US

Trademark Office when it filed its Renewal Application. Accordingly, O2Micro respectfully requests that its motion for summary judgment on this issue be granted.

2. O2Micro is entitled to Summary Judgment on the issue of abandonment

O2Micro has presented facts and evidence to demonstrate the mark shown in the '093 Registration was not in use for more than the statutory time period for abandonment and that there was no intent to resume use on behalf of SGI following such discontinuance. O2 Holdings has proffered no countering evidence despite its claims that such facts and information will become known during discovery.

Also, even if O2 Holdings's additional specimens, submitted subsequent to commencement of these proceedings, are deemed to support a claim of use in commerce at the time of renewal, such use would only demonstrate use of the mark in March 2009, but not use of the mark during a time period which would support the position that the mark was in use (or not abandoned) when O2 Holdings acquired the '093 registration in 2007.

In addition, in its response, O2 Holdings asserts that it was actually its licensee, SGI, rather than itself who had the burden of coming forward with information as to its use or lack of use of the mark in commerce. O2 Holdings acknowledges that it did not know, and never bothered to look into, whether its licensee, SGI, may have discontinued use of the mark, and it was not until the Petition to Cancel was filed that O2 Holdings investigated its licensee's use, thereby admitting that it did not make any effort to ensure that the mark was still in use by its licensee prior to filing its Section 8 and 9 renewal. Contrary to its alleged license agreement with SGI, O2 Holdings, as the mark holder, is the one who had an affirmative duty to continuously supervise and exert control over the quality of goods offered by its licensee.

Barcamerica Intern. USA Trust v. Tyfield Importers, Inc., 289 F.3d 589, 62 U.S.P.Q.2d 1673, 52 Fed. R. Serv. 3d 415 (9th Cir. 2002) (affirming dismissal on summary judgment where plaintiff

licensed mark for use on wine with no quality control provision in the license and plaintiff "played no meaningful role in holding the wine to a standard of quality - good, bad or otherwise."). The only effective way to protect the public where a trademark is used by a licensee is to place on the licensor the affirmative duty of policing in a reasonable manner the activities of his licensee. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 367, 121 U.S.P.Q. 430 (2d Cir. 1959).

Moreover, placing the affirmative duty on its licensee to inform O2 Holdings of its lack of use indicates that O2 Holdings never had any intention to conduct quality control procedures or investigate its licensee's use of the mark or ensure the quality of the products which were sold under the mark. This lack of control amounts to naked licensing, and thus should not act to negate O2 Holdings's duty to investigate prior to filing its renewal. Although its licensee remained silent as to its use, which according to O2 Holdings was in direct discord with their agreement, O2 Holdings still maintained the burden of putting forth truthful statements regarding its use in commerce. Such a burden requires, at a minimum, that O2 Holdings inquire with its licensee prior to filing its Declaration of Use. "It is clear that the [plaintiff] had never exercised actual control over the use of the mark, which it had a burden to do." *Stanfield v. Osborne Industries Inc.*, 52 F.3d 867, 34 U.S.P.Q.2d 1456 (10th Cir.1995).

Furthermore, O2 Holding's admitted lack of actual exercise of quality control measures over its licensee's use of the mark clearly amounts to an abandonment of the its rights in the mark. Courts have long imposed upon trademark licensors a duty to oversee the quality of licensee's products because marks are treated by purchasers as an indication that the trademark owner is associated with the product. If a trademark owner allows its licensee to depart from its quality standards, the public will be misled, and the trademark will lose its ability to act as an indication of source. A trademark owner who allows this to occur loses its right to use the mark.

Kentucky Fried Chicken Corp. v. Diversified Packaging Corp., 549 F.2d 368, 193 U.S.P.Q. 649, 665 (5th Cir. 1977).

Based on the foregoing, O2Micro submits that there are no disputed material facts with respect to nonuse of the subject trademark for at least the statutory period, and no disputed material facts with respect to an intent to resume use during that period, and no disputed facts that O2 Holdings has never used the mark shown in the '093 Registration for the goods identified therein in commerce in the US. Accordingly, O2Micro requests that its motion for summary judgment on the issue of abandonment be granted.

CONCLUSION

Petitioner, O2Micro, respectfully requests that the Board GRANT Petitioner's Motion for Summary Judgment and grant such other further relief as it deems appropriate.

O2Micro International Limited

Dated: May 21, 2010

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CERTIFICATE OF SERVICE

It is hereby certified that a true and complete copy of the subject PETITIONER'S
REPLY TO REGISTRANT'S RESPONSE TO SUMMARY JUDGMENT was served upon the
Respondent via First Class mail, postage prepaid, this 21st day of May, 2010 to the following
address:

Linda Kurth
Baker & Rannells PA
575 Route 28, Suite 102
Raritan NJ 08869

By: /s/Teresa C. Tucker
Teresa C. Tucker